



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

January 3, 2001

*RC & Surety
Replaced - 10/29/02*

TO: Lowell P. Braxton, Director *mbw*

THRU: Mary Ann Wright, Associate Director

THRU: Wayne Hedberg, Permit Supervisor *WH*

FROM: Thomas Munson, Senior Reclamation Specialist *TM*

RE: Request for Approval of Company Name Change and Form and Amount of Replacement Reclamation Surety, Brush Resources, Inc., Topaz Mining Properties, M/023/003, Juab County, Utah

The Division completed the review of Brush Resources, Inc.'s replacement surety. The new surety replaces a self-bonding agreement with supplemental surety bond for an amendment to the Topaz Mining Properties plan, located in Tooele County, Utah. The total bond amount has been escalated to the year 2003 for a total of \$491,000. Rather than retain the \$311,300 self bond and post an additional \$179,400 surety, the operator has chosen to post a surety bond in the amount of \$500,000 to cover the \$491,000 reclamation estimate.

Brush Resources Inc. has provided the Division with a Reclamation Contract and surety bond #69094538, issued by a Western Surety Co. in the amount of \$500,000. The surety company is on the federal register listing of acceptable bonding companies. The Division's legal counsel has reviewed the forms for accuracy. In addition, Brush Wellman, Inc. has changed to Brush Resources, Inc. A Transfer of Notice of Intention has been provided to accomplish this name change.

If you are in agreement with the acceptance of the reclamation surety and name change please sign and date the documents. We will then issue final Division approval for the amended Topaz Mine plan. We will then release the \$311,300 self bonding agreement to Brush Wellman Inc. Thank you for your consideration of this request.

jb

Enclosure: Transfer, MR-RC & surety

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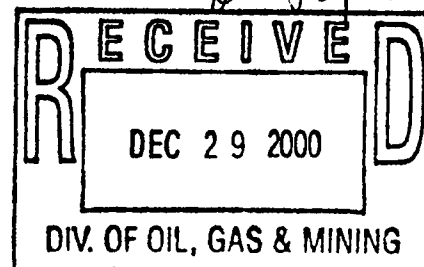
*Approved
L.P. Braxton
1-3-01*

File Number M/023/003

Effective Date Jan 3, 2001

Other Agency File Number BLM - UTU-063446
SITLA - ML 18237

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940



RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/023/003

(Mineral Mined) Bertrandite Ore

"MINE LOCATION":
(Name of Mine) Topaz Mining Properties
(Description) 47 Miles West Brush Wellman Road
Delta, UT 84624

"DISTURBED AREA":
(Disturbed Acres) 305
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) Brush Resources Inc.
(Address) P.O. Box 815
Delta, UT 84624
(Phone) (435) 864-2701

"OPERATOR'S REGISTERED AGENT":

(Name)

Address)

(Phone)

A. John Davis

Pruitt, Gushee & Bachtell

Suite 1850 Beneficial Life Tower

Salt Lake City, UT 84111-1495

(801) 531-8446

"OPERATOR'S OFFICER(S)":

President, Don J. McMillan

Vice President, Alex C. Boulton

Treasurer, Michael C. Hasychak

Secretary, William M. Christoff

"SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Western Surety Co.

"SURETY AMOUNT":

(Escalated Dollars)

\$500,000.00

"ESCALATION YEAR":

2003

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Brush Resources Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/023/003 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated March 16, 1977, and the original Reclamation Plan dated March 16, 1977. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

Brush Resources Inc.

By Michael Hasychak
Authorized Officer (Typed or Printed)

Officer's Signature 12/20/00
Date

STATE OF Utah)
) ss:
COUNTY OF Millard County)

Salena L. Siner
Notary Public
Residing at: Ohio, Cuyahoga County
12.2.2003 **SALENA L. Siner**
Notary Public, State of Ohio, Cuy. Cty.
My Commission Expires: My Commission Expires Dec. 2, 2003

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton Date 1/03/01
Lowell P. Braxton, Director

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 3rd day of January, 2001,
personally appeared before me Lowell P. Braxton, who being
duly sworn did say that he ~~she~~, the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he ~~she~~ duly acknowledged to me that he ~~she~~ executed the foregoing
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: Salt Lake City, UT

February 29, 2004
My Commission Expires:

ATTACHMENT "A"

Brush Resources Inc
Operator

Topaz Mining Properties
Mine Name

M/023/003
Permit Number

Juab County, Utah

The legal description of lands to be disturbed is:

Township 13 South, Range 12 West, SLM

- Section 4
The SW 1/4 of the SE 1/4, and the SE 1/4 of the SW 1/4.
- Section 5
Lot 1, and Lot 2, and the S 1/2 of the NE 1/4, and the SE 1/4, and the E 1/2 of the SW 1/4, and the SE 1/4 of the NW 1/4.
- Section 7
The S 1/2 of the NE 1/4, and the SE 1/4, and the W 1/2 of the SW 1/4.
- Section 8
The NE 1/4, and W 1/2 and the SE 1/4 of the SE 1/4, and the E 1/2 and the SW 1/4 of the SW 1/4.
- Section 9
The NE 1/4, and the SE 1/4, and the SW 1/4, and the NW 1/4.
- Section 10
The NW 1/4 of the SW 1/4, and the W 1/2 of the NW 1/4.
- Section 16
The NE 1/4, and NW 1/4.
- Section 17
The N 1/2 of the NE 1/2.

Township 12 South, Range 12 West, SLM

- Section 31
The NW 1/4, the N 1/2 of the SW 1/4, the SW 1/4 of the NE 1/4, and the NE 1/4 of the SW 1/4.
- Section 32
The W 1/2 of the SE 1/4, and the E 1/2 of the SW 1/4, and the SE 1/4 of the NW 1/4.

ATTACHMENT B

FORM MR-6
Joint Agency Surety Form
(January 18, 2000)

Bond Number _____
Permit Number M/023/003
Mine Name Topaz Mining Properties
Other Agency File Number BLM - UTU-063446

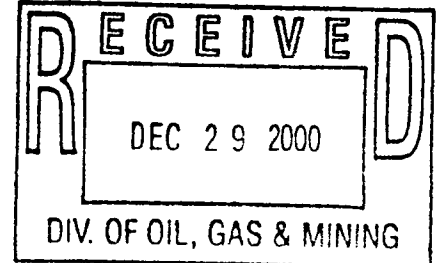
SITLA - ML 18237

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

THE MINED LAND RECLAMATION ACT

SURETY BOND



The undersigned Brush Resources Inc. as Principal, and Western Surety Company as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining, and the U. S. Dept. of Interior - Bureau of Land Management, in the penal sum of Five Hundred Thousand and no/100----- dollars (\$ 500,000.00).

Principal has estimated in the Mining and Reclamation Plan approved by the Division of Oil, Gas and Mining on the 3rd day of January 2001, that 305 acres of land will be disturbed by this mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by the Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Brush Resources Inc.
Principal (Permittee)

Michael Hasychak
By (Name typed):

Vice President, Treasurer and Secretary
Title

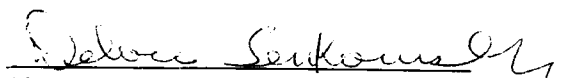

Signature

12/20/00
Date

Surety Company

Delores Senkowski
Company Officer

Attorney-In-Fact
Title/Position


Signature

101 S. Phillips Avenue
Surety Company Address

Sioux Falls, SD 57117
City, State, Zip

12/20/00
Date

Page 3

MR-6

Joint Agency Surety Bond

Attachment B

Bond Number _____

Permit Number M/023/003

Mine Name Topaz Mining Properties

Other Agency File Number BLM - UTU-063446

SITLA - ML 18237

SO AGREED this 3 day of January, 2001.

Lowell P. Braxton

Lowell P. Braxton, Director

Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety Company, such Power of Attorney must be filed with this bond. If the Principal is a corporation, the bond shall be executed by its duly authorized officer.

AFFIDAVIT OF QUALIFICATION

On the 20th day of December, 20 00, personally appeared before me Delores Senkowski who being by me duly sworn did say that he/she, the said Delores Senkowski is the Attorney-In-Fact of Western Surety Company and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Delores Senkowski duly acknowledged to me that said company executed the same, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: Delores Senkowski
Surety Officer

Title: Attorney-In-Fact

STATE OF Ohio)
COUNTY OF Cuyahoga) ss:

Subscribed and sworn to before me this 20 day of December, 20 00.

Rebecca Blane
Notary Public

Residing at: 1221 Magnolia
Akron OH 44310

My Commission Expires:

2.8, 20 01.



Western Surety Company

A Subsidiary of CNA Surety Corporation

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That WESTERN SURETY COMPANY, a South Dakota corporation, is a duly organized and existing corporation having its principal office in the City of Sioux Falls, and State of South Dakota, and that it does by virtue of the signature and seal

herein affixed hereby make, constitute and appoint
Michael Croce, Delores Senkowski, Individually

of Independence, Ohio

its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on its behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind it thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of the corporation and all the acts of said Attorney, pursuant to the authority hereby given, are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Law printed on the reverse hereof, duly adopted, as indicated, by the shareholders of the corporation.

In Witness Whereof, WESTERN SURETY COMPANY has caused these presents to be signed by its President and its corporate seal to be hereto affixed on this 17th day of December, 1999.



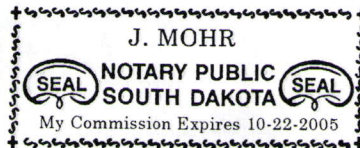
WESTERN SURETY COMPANY

Stephen T. Pate
Stephen T. Pate, President

State of South Dakota }
County of Minnehaha } ss

On this 17th day of December, 1999, before me personally came Stephen T. Pate, to me known, who, being by me duly sworn, did depose and say: that he resides in the City of Sioux Falls, State of South Dakota; that he is the President of WESTERN SURETY COMPANY described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed pursuant to authority given by the Board of Directors of said corporation and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporation.

My commission expires
October 22, 2005



J. Mohr

J. Mohr, Notary Public

CERTIFICATE

I, L. Nelson, Assistant Secretary of WESTERN SURETY COMPANY do hereby certify that the Power of Attorney hereinabove set forth is still in force, and further certify that the By-Law of the corporation printed on the reverse hereof is still in force. In testimony whereof I have hereunto subscribed my name and affixed the seal of the said corporation this 20th day of December, 2000.



WESTERN SURETY COMPANY

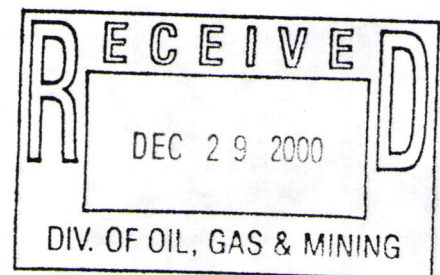
L. Nelson
L. Nelson, Assistant Secretary

Authorizing By-Law

ADOPTED BY THE SHAREHOLDERS OF WESTERN SURETY COMPANY:

This Power of Attorney is made and executed pursuant to and by authority of the following By-Law duly adopted by the shareholders of the Company.

Section 7. All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile.





CNA Plaza Chicago IL 60685

m/023/003

RECEIVED

SEP 16 2002

DIVISION OF
OIL, GAS AND MINING

CANCELLATION NOTICE

Office at 1111 E. Broad Street
P.O. Box 182203
Columbus, OH 43218-2203

Date September 13, 2002

Utah Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple-#1210

Salt Lake City, UT 84114-5801

Notice is hereby given of the cancellation of this Company's Suretyship on behalf of _____
Brush Resources, Inc., % John Becko/Brush Engineered, Cleveland, OH 44110
for Five Hundred Thousand and no/100 - Dollars under Bond Number 69094538
originally issued on or about December 20, 2000

This cancellation is to take effect December 20, 2002
in accordance with the terms of said suretyship.

WESTERN SURETY COMPANY

Surety

By

Barbara Jenkins

Attorney-in-Fact
Barbara Jenkins

Signed Return Receipt Requested

G-23168-D

✓ OBLIGEE

PRINCIPAL/INSURED COPY

AGENT/BROKER COPY

BRANCH COPY

HOME OFFICE COPY



CNA Plaza Chicago IL 60685

m/023/003
Brush Resources
Topaz Mine

RECEIVED

SEP 04 2002

DIVISION OF
OIL, GAS AND MINING

CANCELLATION NOTICE

Office at 1111 E. Broad Street
P. O. Box 182203
Columbus, OH 43218-2203

Date 8-29-02

Utah Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Salt Lake City, Utah 84114-5801

Notice is hereby given of the cancellation of this Company's Suretyship on behalf of _____
Western Surety Company
for Five Hundred Thousand (\$500,000) Dollars under Bond Number 69094538
originally issued on or about December 20, 2000

This cancellation is to take effect November 29, 2002
in accordance with the terms of said suretyship.

WESTERN SURETY COMPANY

Surety
By Cheryl A. Stamper
Attorney-in-Fact Cheryl A. Stamper

G-23168-D

OBLIGEE

PRINCIPAL/INSURED COPY

AGENT/BROKER COPY

BRANCH COPY

HOME OFFICE COPY